SYNOPSIS

Title:

Impact of Psychological and Sociological Factors on Small Scale Entrepreneurs

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Introduction:

The relatively higher growth of population has led to increase in the volume of unemployment and under employment. Due to recession, fluctuation in international trade and high unemployment, the interest of industrialized countries are suffering. To sustain increasing demand and generating employment opportunities there is a need of Entrepreneur who brings something new with his ability to exploit and initiate economic opportunity.

The entrepreneur is a person who looks for change, react to change and draw it as an opportunity. The entrepreneurship is an admissible instrument to encourage economic growth in different regional and national economies because the growth in entrepreneurial activities will help in creating jobs and minimizing unemployment. In today's *era* of globalization entrepreneurs are facing a lot of challenges. The psychological and sociological issues related to recognition of business growth and opportunities are playing a significant role in the lives of entrepreneurs.

There are certain psychological and sociological factors which has a great impact on small scale entrepreneurs. The willingness of entrepreneurial spirit is caused by **psychological factors** such as personality, recognition, perception, attitude, innovation, aspiration, motivation, goals, achievement and self-confidence and **social factors** such as values, culture beliefs, caste, education, occupation and family background. Entrepreneurship from a psychologist point can be viewed as the centre of attention on personality perception and attitude that will affect the entrepreneurship where as social point of view entrepreneurship can be interpreted as function of some distinct communities, culture, caste, groups, activities, life style and social values that influence the degree of entrepreneurship.

Himachal Pradesh is one of the states of India which has rapidly transformed from the backward part of the country to advance state. As per capita income the state presently ranks fourth in India. The main occupation of people in Himachal is agriculture, besides agriculture there are many small business opportunities in the state like handicraft, handloom, fruit processing, tourism, waste management and recycling, horticulture, floriculture, dairy farming medicinal plants, honey processing and many more, which offers several business opportunities to small scale entrepreneurs.

Entrepreneur The word is driven from the French word *entreprendre*, in 17th century which means 'to undertake' (Bhargava 2006)[1] The Cambridge advance dictionary defines *'entrepreneur as someone who starts their own business especially when this involves seeing a new opportunity.* According to Joseph Schumpeter[2] (1965) "individual who exploit market opportunity through technical and/or organizational innovation" Peter F Ducker[3] (1993) the renowned author says "An Entrepreneur always search for a change, responds to it and always exploits it".

Entrepreneur is the organiser who combines land, labour and capital to produce a product. He is a person who is the owner of the business and brings idea to create new business or revive and grow existing business by analysing critically, thinking, inventing new ways to accomplish the gap of product and service and is responsible for bearing risk. Entrepreneur are role model for the society since they works for raising the standard of people, welfare and upliftment of the society by innovative ideas and finds the best and critical solutions for rational problems. Sometimes an entrepreneur plays the role of a manager by holding opportunities to create utilities through new product for new market, by supply of resources that are needed most by the society. So entrepreneur is a person who works for the betterment of the society.

Entrepreneurship: The conception of entrepreneurship is very old because it came into view around in 1770's. The interest in entrepreneurship has been growing around the world from the beginning of 1980's. As per business dictionary entrepreneurship means *'the capacity and willingness to develop, organise and manage a business venture along with any of its risk in order to make a profit'.* The first person to define entrepreneurship in 1725 was an Irish economist Richard Cantillon "a risk taker looking to sustain equilibrium between demand and supply"[4] The modern scientific definition of entrepreneurship was given by Professor Joseph Schumpeter, an Austrian political economist probably the first scholar to theorize entrepreneurship in 1942 in the book "Capitalism, Socialism and Democracy" according to Schumpeter the spirit of entrepreneurship "lies in the identification and implementation of

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[1] Bhargava Shivganesh, "Towards Entrepreneurship development in the 21st century" New Delhi Response Book, 2006

[2] Schumpeter J.A, "Economic theory and Entrepreneurial History" Harvard University Press, 1965

[3] Peter F Ducker, "Innovation and Entrepreneurship Practice and Principle" Paper back Harper Business, 1993

[4] Antoin E. Murphy, "Richard Cantillon :Entrepreneur and Economist" Clearendan Press Oxford ISBN 0-19-828535-3, 1986

new opportunities"[5]. According to Howard Stevenson's (1983) "Entrepreneurship is the process by which individuals pursue opportunities without regard to the resources they currently control"[6]. The procedures by which entrepreneur produce value, product and service is known as entrepreneurship. It is dynamic in nature with certain set of functions which help in activities like identification of resources and opportunities, demand and supply, risk-taking, management, innovation creativity and mobilisation of resources.

Small Scale industries and Small Entrepreneurs: Small Scale Industries push growth in rural and urban areas by using skilled labour and has direct impact on poverty alleviation. Small Scale industries are suitable in developing and less developed countries because of low investment and requirement for abundant labour. The small scale industries in India are based on criterion of investment of capital. The investment limit for small scale industries is limited to Rs. 5 crores in fixed assets in plant and machinery and Rs. 25 lakhs in micro units. Small scale industries are engaged in production of handicraft and highly sophisticated goods by utilizing local labour and skills. The first Industrial policy was announced after independence in 1948 which identifies the role of cottage and small scale industries. After experiencing the first five year plan second Industrial Policy Resolution 1956 was announced which stressed on role of cottage and small scale industries for generating employment by using local manpower and reducing regional inequalities in industrial development. The government decided to support these industries through tax concession and subsidies. New small enterprises policy 1991 (Economic reform of 1991) was replaced by policy of promotion from policy of protection. The aim of this policy was to free the economy (Indian) from bureaucratic control and merge it with the world economy (Liberalization). In 2000 for SSI the new bunch of policies were announced which includes support to credit, fiscal, infrastructure, technological, marketing etc. and sleek rules and regulations for development of entrepreneurship. The government of India enacted MSME Act, 2006 which was first licit structure for identification of 'enterprise'. The aim of the act was to convey greater spirit and growth in terms of output, employment, technology and also a legal framework was made to remove barriers in trade and competition. The small scale entrepreneurs play a formidable role in economic development of the country as they provide maximum employment after agriculture and balanced regional development. These entrepreneurs are considered as the

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[5] Richard Swedberg, "Joseph A. Schumpeter with a new introduction" Georgia Allen and Unwin Publishers Ltd. ISBN. 0-415-10762-8, 1976.

[6] Gartner William B and Baker Ted, "A plausible history and exploration of Stevenson's definition of entrepreneurship" Frontiers of Entrepreneurship Research Vol. 30 Issue. 4 Article 2, 2010.

most significant economic agent in enhancement of economic development of a nation as they require low capital investment. They act as owners, innovators, risk takers, producers, decision and market makers. Small scale entrepreneurs are the people who owns small business with small number of workers and do not have high volume of sales, they are predominantly privately owned and operated, sole proprietorships, corporations and partnerships but play vital role in economic development.

Psychological and Sociological factors in entrepreneurship: There are various factors that influence, inspires, aspire and create obstacles in entrepreneurial development. The present study is aimed to find out these factors and their influence on small scale entrepreneur in terms of their success and failure.

Psychological factors that influence entrepreneurs to make them successful are Personality. Attitude, Vision, Recognition, Perception, Aspiration, Motivation, Innovation, Self-Confidence.

Sociological factors of entrepreneurship are related to Socio-Cultural Environment, Values, Belief, Religion, Caste, Family Background, Education, Age and Occupation.

Impact of Psychological factors on small scale entrepreneurs:

Personality: Personality trait makes a person successful entrepreneur because it is an ability or willingness of entrepreneur to take risk. The growth of business is the result of current opportunities and if entrepreneur is able to take risk then he utilize his spirit and talent of entrepreneurship.

Attitude: Attitude is a way of thinking and response towards various situations in life. Entrepreneurial attitude affect the entrepreneur in setting of new enterprise. If attitude toward change is positive it will raise entrepreneurial skill, create new and different opportunities in the business. It is associated with beliefs, thoughts, values and emotions which can be shaped by education. Entrepreneurial attitude inspires and motivates new entrepreneurs.

Perception: Perception means interpretation of present based on past experience. By this process entrepreneur mind receives, organise and interpret physical stimulus which help him in understanding market.

Goals: Goals represent a desired state of our mental idea how we would like to turn out things. Goals help business to grow and achieve its objectives. Setting of goal is an important

part of entrepreneurial activity because it helps in performance improvement and productivity.

Locus of control: The concept locus of control is related to person internal and external belief that he can or cannot (positive or negative) control his effort and ability. The internal locus of control determines the intention to become entrepreneur and external locus of control is related to force determined by market. The entrepreneurial survival and success is dependent on these forces.

Motivation: Motivation promotes entrepreneur thinking and ideas, it helps in accomplishing something in life as it is a link between different stages of accomplishment. Motivation avoids unpleasant situations, rejection and fear of failure to entrepreneurs.

Recognition: Recognition is a form of acknowledgement, appreciation or value for work done. Recognition is the potential of entrepreneur to identify new opportunities in business and it also provides better ways for customers in a form of product and service.

Aspiration and Achievement: Aspiration means something we hope to achieve or desire for more than what we already have and achievement is the zeal to achieve the goal. The entrepreneur doesn't believe in luck but he has the aspiration and confidence for achieving the goals.

Innovation: Innovation is related to new and creative idea which inspires the entrepreneur to move from conventional to modern business ideas. Innovation helps in searching of new market, customers, competition and making of profits.

Self-Confidence: This psychological trait is the key of success to any entrepreneur because it is concerned to a person how he feels about his ability to start-up a new business. The successful entrepreneurs believe in self and have risk taking ability.

Impact of Sociological factors on small scale entrepreneurs:

Socio-Cultural Environment: Socio-Cultural environment is related with social, cultural and environmental concerns. It is made of activities and relationships by which people are engaged in their lives. It consists of education, societies, religion, values, age, lifestyle, nature of family, income, occupation and population which influence entrepreneurial activities, create new businesses and helps in sustainable development.

Values: Values are the set of beliefs or ideas to establish a cultured society. They are expression of human needs and determinant of social attitude, ideologies and behaviour which basically help in deciding what is right and what is wrong and how to act. Value as a sociological factor act as a base for entrepreneurial development.

Caste: The caste has big influence on social mobility and occupational mobility because some social groups have larger and capable entrepreneurs than others. Certain caste and religion encourage entrepreneurial talent and dominance in entrepreneurship.

Family background: It includes size, type, occupation, social status and economic status of family to develop entrepreneurial characters. Background of a family provides source of industrial entrepreneurship. The entrepreneurial success of business across generations is through family experience.

Age, Education and Occupation: Age is one of the most important aspects of self-development because younger are generally interested in risk taking and they easily resist to change as compare to older. Education enables entrepreneurs to exercise their talents efficiently and effectively because education develops man's resourcefulness, awareness and innovation capability where as occupation is a background for most of entrepreneurs.

Religion: Religion has a strongest influence and barrier on attitude of entrepreneur. A religion is a cultural institution which drives human behaviour in several ways. It is an emotional attachment and powerful motive for any entrepreneur.

Review of Literature:

Review of Literature is a foreground, explanation and justification for research to be carried out. Literature review is helpful in identification of research gaps, putting together of research, framing of research concern and hypothesis, selection of appropriate research methodology and ultimately in establishing of direction for research to be carried out in future. Review reveals the findings of studies related to particular concern and the main purpose of reviewing literature is to look carefully at different aspects of concerned studies. The present study focuses on analysing the impacts of Psychological and Sociological factors on Micro and Small Entrepreneurs in the state of Himachal Pradesh. These factors are supposed to play detrimental role towards success and failure of these entrepreneurs. The related literature has been reviewed to achieve objective of study. The review has been

completed by reviewing journal, articles, books, websites and reports. The number of studies on Micro and Small Entrepreneurs, Entrepreneurship, Psychological and Sociological factors and Small Scale Industries have been analysed to recognise the research gap in literature.

Latha Lavanya K. and Madhavaiah C. (2008)[7] viewed entrepreneurship as vibrant sector of the economy. It is a key to economic progress because it fulfils socio-economic intention. The author indicated that the entrepreneurship was evolved in early Rigveda when metal handicraft exist which brings attention on handicraft entrepreneurship which is closely related to economic history of India. So it can be said that entrepreneurship is as old as human civilization. The process expansion of industries can be conceptualized by result of individual and cooperative efforts. They concluded that small scale entrepreneurs play a vital role in Indians economy by sustainable employment generation, abolishing regional inequality and imbalance and by self reliance.

Deshpande Sunil and Sethi Sunita (2009)[8] throw light on problems, solutions and future prospects in development of women entrepreneurs in India. The promotion of women entrepreneurs in India is to make women self dependent by providing them ownership and autonomy. There are certain problems associated with women entrepreneurs such as finance arrangement, scarcity of raw material, competition, lack of mobility, family responsibilities, illiteracy level, less risk bearing attitude, self confidence and pessimistic attitude. To overcome these problems, remedies and solutions such as encouraging, inspiring, motivating, educating, training, financing and skill development in women entrepreneurs were adopted. The authors also felt to establish a forum where problems, grievances and filling of complaints of women entrepreneurs can be addressed so that economic progress of women cannot be hampered. For future development prospects women should be made aware of using IT and internet method of doing business and there is also a requirement of qualification and management in new enterprises.

Veeraraghavan Vimala (2009)[9] focussed on the Creative destruction, TRIZ (innovative problem solving) and Entrepreneurship. The creative destruction is an economic concept which describes the potent change, caused in any industry when there is a transformation of

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[7] Latha Lavanya K. and Madhavaiah C. "Small Scale Entrepreneurship in India" Serbian Journal of Management 3(2) 171-187 (2008).

[8] Deshpande Sunil and Sethi Sunita "Women Entrepreneurship In India" Shodh, Samiksha aur Mulyankan (International Research Journal) ISSN-0974-2832 Vol. II, Issue 9-10 (2009)

[9] Veeraraghavan Vimala "Entrepreneurship and Innovation" Asian-Pacific Business Review Vol. V, No 1 pp. 14-20 (2009).

new thought and ideas. It is an adaptation of competitiveness to monopolistic market and again back to competitive market. TRIZ is a technique of unification of various elements such as mobilization of personal potential, knowledge and innovation into single powerful methodology for solving problems in different situations. Entrepreneurship is a psychological in nature because it consists of factors like ability to take risk, innovation, creativity, achievement and behaviour. The paper emphasized on innovation and entrepreneurship because both are equally important for entrepreneurs.

Sterfanovic Ivan and Prokic Sloboda (2010)[10] considered an entrepreneur significant for growth and development of countries economy. The objective of the paper was to determine motivational and success factors of entrepreneur in Serbia. It was found that the income in Serbia was low as compare to other regions and their purchasing power has decreased so increase in income was the first motivational variable. The second and third motivational factor was to use past experience and training because most people has a opinion that their expertise can be best used if they have their own business and by proper training there will be stability and security in jobs. The fourth reason was starting own business which will improve their lifestyle. The researcher suggested development of entrepreneurship, SMEs and allocation of budget especially in developing countries should be one of the most important objectives of government, this will increase in start-ups.

R. Vanipriya and Venkatramaraju D. (2011)[11] indicated the role of small scale enterprise as rewarding feature for economic development and growth. These industries have vast scope in manufacturing, retailing, financing and servicing. Establishing small scale industries in rural area helps to check in migration of labour and population to large cities. The small scale industry creates largest employment opportunity after agriculture in India, contributes 40% of gross manufacture and has a major role in export performance. They also find out that by adopting new and innovative technology and modern market practices the old traditional skills and knowledge can be strengthened.

Manocha Sanjay (2012)[12] gives the sense of entrepreneurship and innovative entrepreneur in terms of need and necessities which are arising due to increasing population of world. To cope up with demand and supply there is a need of new business ideas, technology,

[10] Sterfanovic Ivan and Prokic Sloboda "Motivational and success factors of entrepreneurs: the evidence from a developing country" Zb.rad.Ekon.fak.Rij.Vol.28 sv.2 251-269 (2010).
[11] R. Vanipriya and Venkatramaraju D. "Growth of Small Enterprises in India" International Journal of Scientific and Engineering Research Vol. 2, Issue 9 (2011).
[12] Manocha Sanjay "Innovation and Entrepreneurship in today's scenario" IRJC Vol.1 Issue 8, August (2012)

entrepreneurial skill and innovation so that new product can be introduced, demand can be meet, supply can be fulfilled, new markets and customers can be explored and existing products can be upgraded. He concluded that innovation of products and services will help in growth and survival of business. The innovative entrepreneurship can be cultivated by providing infrastructure, forthrightness to trade, research and development, education and training.

Kothari Hem Chandra (2013)[13] analysed that the instant outcome of entrepreneurship is related to the background of industrialization. The entrepreneur (characterised as risk taker, hard worker and innovator) was the main agent to carry that industrialization. For the entrepreneur the entrepreneurial ethos is affected by both social and psychological factors. The study revealed that social factor impacting entrepreneurship are social institutions such as culture, norms, values while psychological factors are personality feature such as attitude, perception, motive, opportunity, recognition, exploitation and autonomy.

Sivathanu Brijesh and Bhise Pravin V. (2013)[14] identified that the social entrepreneur gives practical result to the social problem by innovation, possibility and resourcefulness. The social entrepreneurs are committed towards expansion and production of social values through innovation and they transform the society through development in education, health, human rights, labour etc. The social entrepreneur are the people who works only for the benefit of the society and faces hurdles in creating better solutions to change the society. The social entrepreneurship works in business and non-profit organisation by identifying problems, gives sustainable solutions and helps in social change and by inventing new approaches. They also highlighted on the values created by social entrepreneurship in terms of 'economic development' which means development in employment, goods and services and investment in social capital. The main focus of social entrepreneurs is on making better world by benefitting the bottom of the pyramid.

Zhang Hua and Zhang Ying (2013)[15] investigated that the choice of entrepreneurship in students of China are affected by certain personality traits such as motivation, risk taking, innovation etc. The study reveals that entrepreneurship quality is the main component of

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[13] Kothari Hem Chandra "Socio-Psychological Factors of Entrepreneurship: A Survey" Researchjournal's Journal of Entrepreneurship Vol 1|No 1 December (2013)

[14] Sivathanu Brijesh and Bhise Pravin V. "Challenges for Social Entrepreneurship" IJAIEM ISSN 2319-4847 (2013)

[15] Zhang Hua and Zhang Ying "Psychological characteristic of Entrepreneurship of college students in China" Science Research Psychology Vol.4, No 3 159-164 (2013)

psychological factor in students of China. Entrepreneurial quality includes personality, intellectual, culture, mental and physical quality. On the basis of research it was found that the five aspects; entrepreneurial belief, capacity, consciousness, motivation and determination are necessary for future professional development.

Akhter Rahma and Sumi Farhana Rahman (2014)[16] discovered that socio-cultural factors influence and creates entrepreneurial activities positively and negatively as these activities are based on values, behaviours, lifestyles, social and economic conditions. The study is based on the Bangladeshi entrepreneurs and businessperson regarding analysing and identification of economic, social and cultural factors in development of skilled entrepreneurs. They pinpointed on traditional thinking, negative attitude and behavioural approach as the challenge in development of socio-culture environment in Bangladesh. It was also analysed in the study that Religion, Bangladeshi traditional beliefs, Literacy. Poverty, role of gender and political instability are the main barriers of facilitating the emerging entrepreneurs. Reengineering of social and positive values will be helpful in coming out of traditional system and it will also convert challenges into opportunities.

Edewore Patrick A. and H. Oluremi (2014)[17] pay attention on two approaches of entrepreneurship from sociological point they are demand side and supply side because both these approaches view entrepreneurship from different directions and both have sociological applications. The supply perspective has both psychological and sociological areas because it is related to achievement, internal locus of control, risk taking, cultural attributes, social class etc. The demand perspective is related to the environment in which entrepreneurship take place. The various factors such as infrastructure, culture, social, political and economic environment helps in facilitating entrepreneurial activities. The specific focus of author is on the importance of interaction of social forces on understanding of entrepreneurship as a sociological approach.

Olowa Olatomide and Olowa Omowumi (2015)[18] defined agribusiness or agro-business as an important sector in which most of the small and medium enterprise operates, it includes farmers, suppliers, assemblers, distributors etc. The agri-business plays important role in

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[16] Akhter Rahma and Sumi Farhana Rahman "Socio-Cultural Factors Influencing Entrepreneurial Activities: A Study of Bangladesh" IOSR Journal of Business and Management Vol. 16, Issue 9. pp 01-10 (2014).

[17] Edewore Patrick A. and H. Oluremi "An Exploration of Some Sociological Approaches to Entrepreneurship" European Journal of Business and Management ISSN 2222-1905 Vol. 6, No.5 (2014)

[18] Olowa Olatomide and Olowa Omowumi "Factors Affecting Entrepreneurship Development in Agribusiness Enterprises in Lagos State, Nigeria" Global Journal of Management and Business Research (B) Vol. XV Issue VII Version I ISSN:0975-5853 (2015).

Nigerian economy by economic growth, development and provides various opportunities to rural people. It was found in Logos State of Nigeria (study area) in spite of various programmes implemented by government, non-government and private sectors there were still challenges that stagnates entrepreneurial activities and development. The reason behind such stagnation was not recognising of key factors like effective policies, programmes and price stabilization. They suggested for effective and adequate entrepreneurship policies, entrepreneurial education and easy loan facility for development of agribusiness.

Pant Sushil Kumar (2015)[19] evaluated the role of family in entrepreneurship development in Nepalese society is based on joint family structure. The senior member of family is respected and obeyed which is an influential part in making choice of business and profession. Nepal is a developing country and most of the population is poor so only political and other linkages enjoy wealth and power, this constitute hindrance in entrepreneurial development in Nepal. The parental role is also an important part in entrepreneurship development in Nepalese society as one third of the entrepreneurs choice is influenced by their father. Self and family inspiration also responds to become an entrepreneur and in case of women entrepreneurs their husbands were the inspiring factors. The paper draws a conclusion that a family is an important factor in choosing profession and self-inspiration also influenced them to become an entrepreneur.

Rokhman Wahibur and Ahamed Forbis (2015)[20] emphasized on the relationship between two factors (sociological and psychological) which has an influence on entrepreneurial intention among students at State Islamic College Kudus, Indonesia. The hypothesis in the study shows relationship between social factors and entrepreneurial intention and psychological factor and entrepreneurial intention. The results revealed that there both factors have strong indication of entrepreneurial intentions. The study also discovered that social attribute also have important entrepreneurial intention and with the help of government support and proper training the entrepreneurial culture will be promoted.

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[19] Pant Sushil Kumar "Role of The Family in Entrepreneurship Development in Nepali Society" The Journal of Nepalese Business Studies Vol. IX No. 1 ISSN: 2350-8795 (2015).

[20] Rokhman Wahibur and Ahamed Forbis "The Role of Social and Psychological Factors on Entrepreneurial Intention among Islamic College Students in Indonesia" Entrepreneurial Business and Economic Review Vol.3, No. 1 29-42 (2015).

Dutta Subrata (2016)[21] drew attention on the study of people and culture as a society point of view and also the interrelation of social factors relating to individual throughout and behaviour with the reference to Indian communities. The author highlighted that entrepreneurship is neglected in economic development, even the socio-cultural aspects are not taken into consideration in study of entrepreneurship but actually they are the main determinants of entrepreneurship because family traditions and occupations are the major tools of business expansion. The study reveals strong entrepreneurial spirit in (deviants) persons whose behaviour is different from those in normal culture and society because they crack tradition and regime by innovative ideas for wellbeing of the society. The non-economic psychological factors like motives, values and innovative personality leads to utilize possibilities in economic growth. Social factors like culture, religion and caste system are the main obstacle in economic development. It is also belief that the caste system, traditional culture, religion, *karma* and rebirth (Hindu concept) are impediments in India's economic development. For entrepreneurial success non-economic factors are necessary to be identified so that the psycho-socio-culture and entrepreneurship success can be achieved.

N.Selvaraj (2016)[22] throws light on socio-economic and psychological factors which are responsible for entrepreneurial development and skill enhancement. The significance of family and community is related to social factor, the base of financial support is economic factor and personality of a person in developing entrepreneurship is psychological factor. The paper discuss the socio-economic factors such as age, sex, caste, education, family, occupation etc. and psychological traits such as independence, confidence and likes in entrepreneurs of Industrial estates in southern district of Tamil Nadu. The dominant factors in socio-economic background for entrepreneurs is age between 41-50 years, followed by education, majority respondents were male and major entrepreneurs were from backward/most backward class. The majority of entrepreneurs were from nuclear family and have no savings. The main focus was on the need of guided entrepreneurship in such regions.

Rani Shamsul Huda Binti Abd (2016)[23] identified lack of entrepreneurial quality as the most important reason for business failure. For sustainable development entrepreneurial quality is an important factor as it helps in overcoming barriers, business survival and also

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[21] Dutta Subrata "Entrepreneurship and Socio-cultural factors" South Asia Research SAGE Publications Vol.36(1):41-60 (2016).

[22] N. Selvaraj **"A Study on The Socio-economic Background of the Entrepreneurs of Industrial Estates in Southern Districts of Tamil Nadu" Journal of Political Science and Public Affairs** ISSN: 2332-0761 (2016)

[23] Rani Shamsul **Huda Binti Abd "The Influence of Psychological Factors on Entrepreneurial Quality among Graduate Entrepreneurs" Procedia Social and Behavioral Sciences** 219 620-626 (2016).

affects on business potential. The study reveals that the psychological factors like social support and mentoring has a great impact on development of entrepreneurial quality and success in entrepreneurs. It was also suggested to look on the other factors having great influence on development of entrepreneurial quality.

Taghizadesh Seyedeh Khadijeh and Rahman Syed Abidur (2016)[24] in there paper explored the psychological factors of innovativeness in nomadic micro entrepreneurs of Malaysia in enhancing their business because some personal characteristics has been identified for the growth of business through innovativeness. The success factor of business growth was influenced by individual entrepreneurs with unique characteristics like risk taking, motivation, creativity etc. Micro entrepreneurs can also transform economic and social scenarios by innovativeness which includes skill, knowledge, abilities and intellect. They define five factors of contemplate vigorous indicator of individual personality in area of psychological functioning are Neuroticism (individual disagreement in expression of emotion stability and adjustment) Extraversion (extent of dominant, energetic, active and enthusiastic) Openness (curious and eager to seek experience and explore ideas) Agreeableness (personal orientation such as forgiveness, caring, trusting) Conscientiousness (hard work, dependability, motivation). The study found the importance of micro-entrepreneurs in achieving business growth is innovativeness a psychological factor in Nomadic entrepreneurs of Malaysia which are influenced by four factors namely Curiosity, Interest, Risk taking and risk avoidance.

Banodia Smita Gupta and Dubey Nishith (2017)[25] pointed on the role of social entrepreneur in creating feasible result for the progress of the society. For this the important opportunities areas are education, health, food, drinking water, sanitation, renewable energy, sustainable technology and agriculture. Social entrepreneurship values and beliefs are the important factor for developing countries because it brings social equilibrium and also avoids economic variations by reinvesting the profits for future. It is a framework for uplifting the society by identifying the needs and helping the society by providing facilities like monitory, health and care, housing, education, safe water etc. Social entrepreneurs are the vital agents

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[24] Taghizadeh Seyedeh Khadijeh and Rahman Syed Abidur "Psychological Factors of Innovativeness Among Nomadic Micro-Entrepreneurs for achieving Business Growth" Business Theory and Practice ISSN 1648-0627 2016 17(3): 191-201 doi:10.3846/btp.2016.618 (2016).

[25] Banodia Smita Gupta and Dubey Nishith "Role of social entrepreneurs as social change agents: an insight" International Research Journal of management and sciences Vol. 6(2), 19-22, Feb (2017).

of social transformation and many organisations are frequently encouraging the social passions for betterment of the society.

I Nwodo Sylvanus and Okolo (2017)[26] examined that the socio-economic essentials of Nigeria shifted to the growth of small and medium scale business. The reason for this change is the realization of massive waste related to public sector economy. The paper draws attention on examining the objectives related to business ideas and strategies of Nigerian small and medium enterprises which are not sufficient for survival but also important to develop and become strong by contributing in sustainable development. The paper throws light on entrepreneur and potential entrepreneur who set up and run business. The factor that plays vital role in sustainable development and to run the business is self confidence, business planning, environmental scanning and discovering those business ideas which are practical and profitable. For revolution and success of small and medium enterprises and entrepreneurs, researcher suggested for adaptation of Information and Communication technology.

Fritsch Michael and Wyrwich Michael (2018)[27] overviewed on the role of historical tradition and knowledge, based on regional contribution in formation of innovative ideas in today's industries. The regional inherent innovative knowledge for entrepreneurship is also highlighted by them. Analysis was also done on the slickness of implied knowledge, regional culture, individual values, independence and motivation in the local people or population which had been transferred in them across the generations. The study was made in German region regarding historical self-employment rates, industry structure and knowledge to measure "cultural component" of entrepreneurship. The regional knowledge traditions, science based entrepreneurships and start-ups based on the higher education institution play important role in generation of knowledge and identification of entrepreneurial opportunities for long run. The study also reveals important message for policy makers to foster entrepreneurial culture, improve regional knowledge and interaction. If they are once established they give long lasting effect.

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[26] I Nwodo Sylvanus and Okolo "Managing Small and Medium Scale Enterprises in A Competitive Market Economy" **ISOR Journal of Business and Management** ISSN: 2319-7668, Vol19, Issue6 (2017)

[27] Fristsch **Michael and Wyrwich** Michael "Regional Knowledge, entrepreneurial culture, and innovative start-ups over time **and space-an** empirical investigation" Small Bus Econ 51:337-353 https://doi.org/10.1007/s11187-018-0016-6 (2018).

Rawal Tripda (2018)[28] systematically examined the combination of entrepreneurship and social services because both are unique in nature. The industrialization has lead to economic growth but social entrepreneurship is rebuilding the world by integrating the society with living quality. The government of India has made CSR more responsible and realistic in bettering the society economically and socially. The main objective of social entrepreneurship is to identify social needs such as housing, micro financing, educational institutions, medical facilities etc. and their responsibility should be towards the society instead of making profits. The author point out that the Social entrepreneurship contributes in uplifting of the society by providing social service.

Nair Tara, Das Keshab (2019)[29] revealed in their paper the priority of banks in the post-nationalization phase (1970s) was, lending bank credits to micro and small enterprises was very low, which picked momentum in mid of 1980s followed by decline in 2000s due to introduction of some norms by RBI (Directly deploy of SSI credit). In 2006 a new definition of MSME revised investment came into force which led to several important policies in the financing arrangement targets. PMMY (pradhan mantri mudra yojana) was launched in 2015 for accessing the credit for micro and small units. In spite of implementing new plans and policies from time to time by government the author draws a conclusion that the financial inclusion has not served useful purpose for manufacturing activities in making institutional credit availability to MSMEs.

The various studies made on sociological and psychological factors of small entrepreneur pay attention and concern on the role of small entrepreneurs in economic development of the country. The entrepreneurship development is hampered by traditional beliefs, poverty, government policies, education and lack of skill etc. By adopting new and innovative technology, by improving regional level interaction, knowledge and by skill development the entrepreneurs will help in creating employment opportunities, poverty alleviation and national development. This can only be achieved when government will show concern on entrepreneurial culture in the country.

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[28] Rawal Tripda "A study of social entrepreneurship in India" IRJET Volume: 05 Issue: 01 p 829-837 (2018).
[29] Nair Tara, Das Keshab, "Financing the Micro and Small Enterprises in India Antecedents and Emerging Challenges" Economic and Political weekly Vol. LIV No. 3 Jan 19 (2019).

Need of Study:

The increase in population and abundance of unskilled labour has led to increase in unemployment. Due to globalisation the society is facing numerous problems, which is not only affecting our life style but also the different ways by which people earn their livelihood. Entrepreneurship is the only solution for overcoming from these problems, as entrepreneur brings new ideas and creativeness in business. Entrepreneurship is been primarily concern with identification of factors (economical, sociological and psychological).

The need of study arise a) to know the impact of Psychological and Sociological factor on small scale entrepreneurs as entrepreneurship educates and serves as a foundation of creativity, innovative ideas, unique skill and knowledge. b) To understand which one of these factors are most detrimental towards the success or failure of small scale entrepreneurs. c) To know why some entrepreneurs with same culture and educational background are successful and others are not successful. d) To understand the factors which help an entrepreneur to became a successful entrepreneur. e) The need of study arise to know whether the role of entrepreneur is significant for providing millions of employment opportunities in their enterprises as there is a higher growth of population and abundant of labour. f) The study will suggest the changes required in framing of policies and plans to the government on the basis of understanding of psychological and sociological factors of small scale entrepreneurs.

Objective of the study:

The objective of the study will discover various factors that influence and creates small entrepreneurs:

1 To study the impacts of psychological and sociological factors on small scale entrepreneurs.

2 To find out how these factors lead towards success or failure of small scale entrepreneurs.

3 To find out the challenges faced by small scale entrepreneurs.

4 To provide appropriate recommendations and suggestions toward the development of small scale entrepreneurs.

Expected contribution of the study:

The proposed study is to investigate the relationship and impact of psychological and sociological factor on small scale entrepreneurs. The result will provide empirical support for various factors of success and failure in small scale entrepreneurs and also the contribution of government agencies in supporting these entrepreneurs. The expected outcome of the study will contribute in terms of (a) Finding out the most important factor for deciding own business (b) Importance of psychological and sociological factors on entrepreneurial activities and determining the entrepreneurial characteristics which might influence small scale entrepreneurs (c) The list of challenges faced in term of providing employment and income generation in small scale industries (d) Creating of sustainable environment by the government that will facilitate development of entrepreneurs and (e) Necessary measures for setting up small business opportunity for small scale entrepreneurs. The finding of study will contribute in understanding the role of Psychological and Sociological factors around small scale entrepreneurs, the challenges faced by these entrepreneurs, their economic and social development and to develop entrepreneurial culture with the support of government programmes, plans and policies.

Data and Research Methodology:

Research methodology is a systematic solving of research problem. It is a blue print that shows method and material used for study. The methodology of study will include sampling techniques, collection of data, tools of analysis and period of study. The data necessary for the study will be collected from primary and secondary sources. The area of the study will be two districts of Himachal Pradesh, District Solan and District Kinnaur. Stratified Random Sampling technique will be used for selecting sample size. The primary data will be collected by a structured questionnaires and personal interview of 450 small entrepreneurs registered in District Industries Centre (DIC). The sample will include 350 successful and 150 unsuccessful entrepreneurs. In the questionnaires the respondents will be asked to state their agreement and disagreement on the statement on 5-point Likert scale with (5=extremely important, 4=very important, 3=mildly important, 2=not very important and1=unimportant). We will divide our questionnaire into three parts, the first part will contain the demographic factor of respondents, second part will contain analysis of psychological factors of respondents and third part will contain analysis of sociological factors of respondents. To access the impact of factors the collected data will be analysed systematically with the help of

statistical tools like mean, standard deviation, co-relation, multiple regression and ANOVA test. The secondary data for the study will be collected from Journal, Newspapers, Articles, published and unpublished reports, Books, and various websites.

Thesis Outline:

Chapter 1- The First Chapter will give all insight of Entrepreneur, Entrepreneurship and Psychological and Sociological Factors of small scale entrepreneurs.

Chapter 2- This Chapter will give detailed analysis of Review of existing literature in India and Abroad.

Chapter 3- This Chapter will give details of Data and Research Methodology issues.

Chapter 4- This Chapter will deal with Analysis and Interpretation of the results and also contain details of results derived from the study.

Chapter 5- This Chapter will contain Summary and Conclusion from the study.

Chapter 6- This Chapter will have the details of Implication and Limitations of the study.

Research Plan Schedule:

Research Activity	Progress in Months											
	3	6	9	12	15	18	21	24	27	30	33	36
Extensive literature survey	July 2018-Dec 2018											
Research gap identification and design of methodology	Oct 2018-March 2019											
Submission of synopsis for proposed research	Jan 2019-Mar 2019											
Extensive review of literature and data collection	April 2019-March 2020											
Analysis of Data	April 2020-Feb 2021											
Manuscript preparation for publication and Thesis writing	March 2021-June 2021											
Pre-thesis presentation	April 2021											
Submission of Ph.D. Thesis	June 2021											

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